



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

DIVISION OF ENERGY

IN THE MATTER OF PUBLIC SERVICE ELECTRIC)	ORDER
AND GAS COMPANY'S PROPOSAL TO IMPLEMENT)	ADOPTING INITIAL DECISION
BOTH ELECTRIC AND GAS CUSTOMER ACCOUNT)	AND STIPULATION FOR
SERVICES (CAS) COST RECOVERY MECHANISMS; TO)	CUSTOMER ACCOUNT
RECOVER CAS COSTS THROUGH THAT MECHANISM;)	SERVICES COST RECOVERY
FOR OTHER RELIEF; TO MAKE CHANGES IN THE)	
TARIFF FOR GAS SERVICE B.P.U.N.J. NO.13, GAS)	BPU DOCKET NO. EE04070718
AND TO MAKE CHANGES IN THE TARIFF FOR)	OAL DOCKET NO. PUC 9838-04
ELECTRIC SERVICE B.P.U. N.J. NO.14 PURSUANT TO)	
<u>N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1</u>)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Electric Discount and Energy Competition Act of 1999 ("EDECA"), N.J.S.A. 48:3-49 et seq. directed the Board of Public Utilities to consider providing electric and natural gas customers with an opportunity to choose a supplier for some or all of their electric or natural gas customer account services.

In compliance with the Electric Discount and Energy Competition Act, the Board established a Customer Account Services ("CAS") Working Group to develop implementation guidelines. The Parties drafted and approved a stipulation, which was adopted by Board Order dated December 22, 2000 in Docket No. EX99090676 ("CAS Order"). On July 1, 2004, Public Service Electric and Gas Company ("Petitioner or Company") filed a petition to implement its proposed electric and gas CAS Cost Recovery Mechanisms and for approval to recover its deferred CAS costs and interest resulting from implementing the Company's consolidated billing capability for its delivery costs and for Third-Party Supplier's ("TPS") commodity charges for customers that have migrated to TPS.

After appropriate newspaper notice, public hearings were conducted on August 16, 17, and 19 of 2004, in Hackensack, New Brunswick and Mt. Holly, respectively.

The case was transmitted, by the Board, to the Office of Administrative Law ("OAL") on September 30, 2004 and assigned to Administrative Law Judge (ALJ) Barry N. Frank. Subsequent to comprehensive discovery and extensive discussions, on April 7, 2006 the Company, the Division of the Ratepayer Advocate ("RPA"), and Board Staff (collectively the "Parties"), executed the attached Settlement which provides for the following:

The deferred electric CAS costs including interest of \$670,300 (which is a reduction of approximately \$326,000 from the requested amount) and deferred gas CAS costs including interest of \$2,684,230 (which is a reduction of approximately \$400,000 from the requested amount) are reasonable and should be approved for recovery through the electric and gas CAS cost recovery mechanisms. The recovery of the deferred electric CAS costs shall begin as of the date of the Company's next electric base rate change or January 1, 2007, whichever is sooner. The recovery of the deferred gas CAS costs shall begin as of the date of the Company's next gas base rate change or January 1, 2007, whichever is sooner.

An electric CAS Charge including SUT of \$0.03 per month and a gas CAS Charge including SUT of \$0.14 per month is reasonable and should be approved for recovery over a twelve-month period.

The electric and gas charges approved by the Board herein shall remain in effect for twelve months and thereafter will be reduced by the Company to zero. Any over/under recovery balances related to the CAS costs existing at that date shall be transferred to the Company's electric and gas SBC for recovery or crediting in accordance with the provisions applicable to those clause components.

The stipulation was submitted to ALJ Frank for Initial Decision. On April 10, 2006, ALJ Frank issued an Initial Decision approving the stipulation.

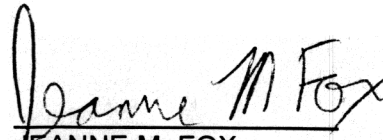
DISCUSSION AND FINDINGS

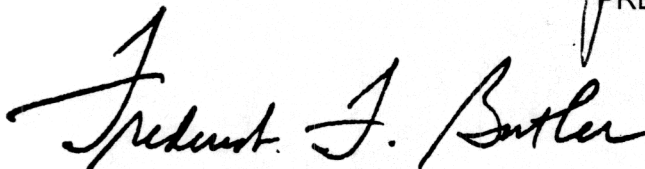
The Board has reviewed the record to date in this proceeding and the attached Initial Decision and Stipulation. The Board HEREBY FINDS that the Initial Decision and Stipulation are in the public interest, and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and Stipulation in their entirety, as if fully set forth herein.

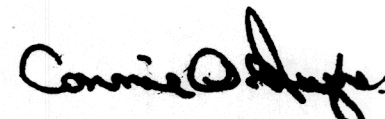
The Company's CAS costs shall remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any such actions deemed to be appropriate as a result of any such audit.

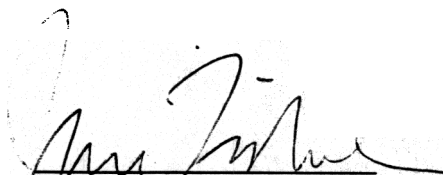
DATED: 5/17/06

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

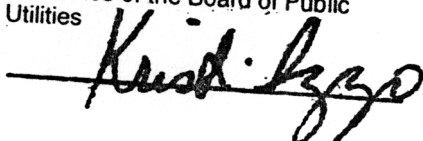

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



IN THE MATTER OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY'S PROPOSAL TO IMPLEMENT BOTH
ELECTRIC AND GAS CUSTOMER ACCOUNT SERVICES ("CAS") COST RECOVERY MECHANISMS; TO
RECOVER CAS COSTS THROUGH THAT MECHANISM; FOR OTHER RELIEF; TO MAKE CHANGES IN THE
TARIFF FOR GAS SERVICE B.P.U.N.J. NO. 13, GAS AND TO MAKE CHANGES IN THE TARIFF FOR ELECTRIC
SERVICE B.P.U.N.J. NO. 14 PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1

BPU DOCKET NO. EE04070718

OAL DOCKET NO. PUC 9838-04

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

CMS

BESLOW

RPA

COMBS, M

DATTA, C

WALLENSTEIN, H

HILGZIO, P

ENGLISH

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 9838-04

AGENCY DKT. NO. EE04070718

IN THE MATTER OF PSE&G'S
PROPOSAL ELECTRIC AND GAS
CUSTOMER ACCOUNT SERVICES (CAS)
COST RECOVERY MECHANISMS; TO
RECOVER CAS COSTS THROUGH THAT
MECHANISM; FOR OTHER RELIEF; TO
MAKE CHANGES IN THE TARIFF FOR
GAS SERVICE

Gregory Eisenstark, Assistant Corporate Rate Counsel, for Public Service
Electric & Gas Company

Cristina N. Patel, Deputy Attorney General, for Board of Public Utilities (Zulima
V. Farber, Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Ratepayer Advocate, for Division of the
Ratepayer Advocate

Record Closed: April 7, 2006

Decided: April 10, 2006

BEFORE BARRY N. FRANK, ALJ

This matter was transmitted to the Office of Administrative Law (OAL) from the
Board of Public Utilities on September 30, 2004, for hearing as a contested case

pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13, and initially assigned to Judge Michael J. Mehr.

In August 2005, Judge Mehr scheduled a hearing on December 20, 21 & 22, 2005 at the OAL, 33 Washington Street, Newark, New Jersey. Subsequently, this matter was assigned to the undersigned in October 2005. Due to my unavailability, the hearing on December 20, 2005 was converted to an in-person conference and December 21 & 22 was adjourned to April 13 & 19, 2006.

Prior to the hearing, settlement discussions were held and a settlement was reached. The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

have reviewed the record and the settlement terms and **FIND:**

- 1 The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures
2. The settlement fully disposes of all issues in controversy and is consistent with the law

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and, therefore, **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision

within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 10, 2006
DATE

Barry N. Frank
BARRY N. FRANK, ALJ
Receipt Acknowledged:

4/12/06
DATE

W. S. H.
BOARD OF PUBLIC UTILITIES

Mailed to Parties:

DATE

OFFICE OF ADMINISTRATIVE LAW

jb

RECEIVED

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

2006 APR -7 P 12:34

STATE OF NEW JERSEY
OFFICE OF ADMIN LAW

IN THE MATTER OF PUBLIC SERVICE)
ELECTRIC AND GAS COMPANY'S)
PROPOSAL TO IMPLEMENT BOTH)
ELECTRIC AND GAS CUSTOMER)
ACCOUNT SERVICES (CAS) COST)
RECOVERY MECHANISMS; TO RECOVER)
CAS COSTS THROUGH THAT MECHANISM;))
FOR OTHER RELIEF; TO MAKE CHANGES)
IN THE TARIFF FOR GAS SERVICE B.P.U.N.J.)
NO. 13, GAS AND TO MAKE CHANGES IN)
THE TARIFF FOR ELECTRIC SERVICE)
B.P.U.N.J. NO. 14 PURSUANT TO)
N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1)

SETTLEMENT

BPU DKT. NO. EE04070718
OAL DKT. NO. PUC 0983904

The Electric Discount and Energy Competition Act of 1999 (EDECA), N.J.S.A. 48:3-49 et seq., among other items required that the New Jersey Board of Public Utilities (Board) consider providing electric and natural gas customers with the opportunity to choose a supplier for some or all electric or natural gas customer accounts services (CAS). N.J.S.A. 48:3-54

On October 3, 1999, the Board established a CAS Working Group for the purposes of (1) identifying the CAS issues to be addressed; and (2) proposing a generic course of action to resolve these issues. The CAS Working Group was open to all interested parties. The parties met in numerous sessions during the CAS Working Group process, which extended from October 1999 through February 2000, but could not reach a consensus on the services that should be competitive.

Subsequently, by Order dated March 2, 2000, the Board determined that hearings should be held to determine, among other items, whether the CAS should be competitive. The Board further directed that the Advising Deputy Attorney General and Board Staff meet with the parties in order to develop a procedural schedule. Pursuant to that schedule, which was developed at the pre-hearing meeting and included with the Board's March 2, 2000 Order, intervention requests were filed and resolved, initial and rebuttal testimonies were filed, discovery was exchanged, and hearings were conducted before Commissioner Frederick F. Butler on May 7, 18, 19, 30, 31 and June 6, 2000.

Throughout the evidentiary hearing process, the parties met, conducted conference calls and held other informal discussions in an effort to reach agreement on the issues in that proceeding.

By letter dated July 20, 2000, as a result of those settlement discussions, the parties submitted a Stipulation, which resolved certain issues affecting Public Service Electric and Gas Company (Public Service)

By a Secretary's letter dated August 16, 2000, all other parties to the CAS proceeding were made aware of the Stipulation and were given an opportunity to express a position. As a result, all formal interveners to the proceeding either signed the Stipulation or indicated no opposition to it.

The Board, pursuant to its December 22, 2000 Order Approving Stipulation with Conditions and Modifications under Docket No. EX99090676 (December 22, 2000

CAS Order) in the case of In the Matter of the Electric Discount and Energy Competition Act of 1999 – Customer Account Services, approved the Stipulation and its Attachments A, B, C, D, E and F with certain modifications.

Pursuant to Attachment E (b) of the Board-approved Stipulation, Public Service was directed to file a verified petition with the Board, "... in order to establish the reasonableness of the following start-up costs not delineated in (a) above, incurred to initiate the terms of this Settlement: costs incurred to develop consolidated billing pursuant to Paragraphs 3, 5 and 6 and upgraded meter access pursuant to Paragraph 9, not otherwise recovered from TPSs."

Furthermore, the above-referenced Attachment E (b) further provided that, "All costs found to be reasonable by the Board shall be recovered by the utility via a clause mechanism on a per customer basis, with interest from the date costs are incurred calculated pursuant to Paragraph (c)."

Attachment E (c) of the above-referenced Board-approved Stipulation provides in pertinent part that, "The interest rate on all deferred costs will be based on seven-year constant maturity treasuries as shown in the Federal Reserve Statistical Release on or closest to August 1 of each year plus 60 basis points."

Paragraph 3 of the Board-approved Stipulation, among other items, provides that the utilities will provide consolidated bills only for customers of licensed electric and/or gas Third Party Suppliers (TPSs) that are compliant with consensus

documents developed by a Board-sanctioned technical electronic communications working group or approved by the Board, and have in place an executed TPS Agreement.

Paragraph 5 of the Board-approved Stipulation, among other items, provides that, "The TPSs agree that all Utility Consolidated Bill Options as detailed in Paragraph 3 shall be reciprocally provided to the utilities by the TPSs under the same agreed conditions.

Paragraph 6 of the Board-approved Stipulation, among other items, provides that, "The undersigned utilities agree that, as set forth below, licensed gas and/or electric TPSs that are compliant with consensus documents developed by a Board-sanctioned technical electronic communications working group or approved by the Board, and have in place an executed TPS Supplier Agreement shall have the opportunity to provide a bill ready consolidated bill to their customers pursuant to an executed Billing Services Agreement.

Paragraph 9 of the Board-approved Stipulation, among other items, provides for additional meter data access

On July , 2004, Public Service filed a petition to implement its proposed electric and gas Customer Account Services (CAS) Cost Recovery Mechanisms and for approval to recover its deferred CAS costs and interest resulting from implementing the Company's consolidated billing capability for its delivery costs and for Third-Party Suppliers' (TPS) commodity charges for customers that have migrated

On August 16, 17, and 19 of 2004, public hearings after newspaper notice were conducted regarding the Company's above-referenced requests in Hackensack, New Brunswick and Mt. Holly, respectively.

This matter was transmitted by the Board to the Office of Administrative Law (OAL) on September 30, 2004.

Discovery was completed as of January 23, 2006.

The parties conferred as to the above-referenced petition and responses to discovery.

As the result of that conference, the parties HEREBY AGREE as follows:

The parties agree that deferred electric CAS costs including interest of \$670,300 and deferred gas CAS costs including interest of \$2,684,230 are reasonable and should be approved for recovery through the electric and gas CAS cost recovery mechanisms appended hereto as attached Schedules RWT-6 (Revised), RWT-7 (Revised) and RWT-8 which also should be approved by the Board. The recovery of the deferred electric CAS costs shall commence as of the date of the Company's next electric base rate change or January 1, 2007, whichever is sooner. The recovery of the deferred gas CAS costs shall commence as of the date of the Company's next gas base rate change or January 1, 2007, whichever is sooner.

2) The parties agree that an electric Customer Account Services Charge including the New Jersey Sales and Use Tax (SUT) of \$0.03 per month and a gas

Customer Account Services Charge including SUT of \$0.14 per month are reasonable and should be approved to recover the electric and gas CAS costs described in Paragraph 1 hereof over a twelve-month period.

3) The parties further agree that the electric and gas rates approved by the Board pursuant to Paragraphs (1) and (2) herein shall remain in effect for twelve months and thereafter will be reduced by Public Service to zero, and that any over/under recovery balances related to the CAS costs identified in Paragraph existing at the date that the respective electric and gas Customer Account Services Charges are reduced to zero shall be transferred to the electric and gas Energy Efficiency and Renewable Energy Programs (EER&E) components within the Company's electric and gas Societal Benefits Clauses, for recovery or crediting in accordance with the provisions applicable to those clause components.

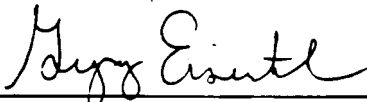
4) The parties also agree that nothing in this Settlement shall preclude the Company from deferring and seeking recovery of any future CAS costs it incurs, in a manner consistent with the Board's December 22, 2000 CAS Order and the Stipulation approved in the December 22, 2000 CAS Order.

5) The undersigned agree that this Settlement contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. In the event any particular aspect of this Settlement is not accepted and approved by the

Board, this Provisional Settlement shall be null and void, and the parties shall be placed in the same position that they were in immediately prior to its execution.

6) The undersigned parties further hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation

Public Service Electric and Gas Company

BY: 
Gregory Eisenstark

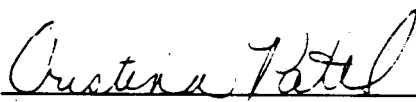
DATED: 4-7-06

Seema M. Singh, Ratepayer Advocate

BY: 
Susan McClure, ADRA

DATED: 4/7/06

ZULIMA V. FARBER, ATTORNEY GENERAL
OF THE STATE OF NEW JERSEY
Attorney for Board's Staff

BY: 
Cristina N. Patel, DAG

DATED: April 6, 2006

SCHEDULE RWT-6 REVISED

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 14 ELECTRIC

Original Sheet No. 64A

CUSTOMER ACCOUNT SERVICES CHARGE

	Per Service Charge Per Month
Applicable to Rate Schedules RS, RSP, RHS, RLM, GLP, LPL, HTS, EHEP and HEP	
Customer Account Services Charge.....	\$.03
Customer Account Services Charge including New Jersey Sales and Use Tax (SUT)	\$.03

CUSTOMER ACCOUNT SERVICES CHARGE

This mechanism is designed to recover costs to implement certain customer account services pursuant to the Stipulation as approved in the Board Order Approving Stipulation with Conditions and Modifications under Docket No. EX99090676, dated December 22, 2000. The above charge is intended to expire twelve months from its effective date.

Date of Issue:

Issued by FRANCIS E. DELANY, Jr., Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No. EE04070718

Effective:

SCHEDULE RWT-7 REVISED

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.P.U.N.J. No. 13 GAS

Original Sheet No. 41A

CUSTOMER ACCOUNT SERVICES CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, TSG-F, TSG-NF AND CIG**

	Per Service Charge Per Month
Customer Account Services Charge.....	\$.013
Customer Account Services Charge including New Jersey Sales and Use Tax (SUT)	\$.014

CUSTOMER ACCOUNT SERVICES CHARGE

This mechanism is designed to recover costs to implement certain customer account services pursuant to the Stipulation as approved in the Board Order Approving Stipulation with Conditions and Modifications under Docket No. EX99090676, dated December 22, 2000. The above charge is intended to expire twelve months from its effective date.

Date of Issue:

Issued by FRANCIS E. DELANY, Jr., Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No. EE04070718

Effective:

Tariff Language Insert

Electric Rate Schedules – RS, RSP, RHS, RLM, GLP, LPL, HTS, EHEP and HEP
Gas Rate Schedules – RSG, GSG, LVG, TSG-F, TSG-NF and CIG

Customer Account Services Charge:

This charge is designed to recover costs to implement certain customer account services. Refer to the Customer Account Services Charge sheet of this Tariff for the current charge. This Charge will be combined with the Service Charge for billing.



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Newark, New Jersey 07102
(973) 648-6008

2006 APR 17 PM 12:16

NORTH

Date: APR 12 2006

Re: Initial Decisions for Receipt

Receipt of the following decisions from the Office of Administrative Law (as well as a copy of this form) is acknowledged as of the date indicated below:

OAL Docket No. PUC

9838-04

Case Name

BE & G'S Proposal /
ELECTRIC & GAS (CAS.)

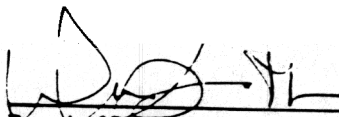
Board of Public Utilities

2 Gateway Center

Newark, New Jersey 07102

Date:

4/18/06


Board of Public Utilities